



# Monthly Newsletter

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## In this issue

- **Biden extends the Federal eviction moratorium through March 31 while other Covid legislation remains uncertain.**
- **Pre-Leasing for student rentals in San Luis Obispo begins on February 1.**
- **Demand for non-student rentals on the Central Coast remains surprisingly strong.**

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## **Biden extends the federal eviction moratorium through March 31 while other Covid legislation remains uncertain.**

As one of his first acts in office, President Biden extended the federal eviction moratorium through March 31, 2021. This moratorium was previously set to expire on January 31 and it prohibits landlords from evicting a tenant for failure to pay rent so long as the tenant declares any sort of Covid-19 hardship and pays 25% of what is owed.

California has a similar but slightly more tenant-friendly moratorium that is set to expire on January 31. Legislators in Sacramento are still debating whether to extend that moratorium through either March 31 or December 31.

In addition to these legislative hurdles that exist for landlords, the local courts are also slow-walking everything right now and throwing up impediments of their own, like making it difficult to even file a case. As a result of all this, the practicality of evicting someone at present is that it just isn't going to happen except under truly extraordinary circumstances. Even then, it is unlikely to happen anytime soon.

The result of all these impediments to eviction is that landlords must, of course, work with difficult tenants to make the best of a bad situation but also landlords must under absolutely no circumstance approve an applicant who is borderline able to pay rent. We also need to be on greater alert for fraud because desperate applicants will try desperate measures.

We recently had a circumstance where an applicant gave us false landlord references that came back with glowing recommendations. Upon closer examination of the application, there was a collection account on the applicant's credit report that originated from a prior undisclosed landlord. This is the sort of thing that we would not have caught if we were looking only at credit score and not the underlying report or if we were not running the report at all.

Other more mundane circumstances where we are having to be more careful than otherwise include denying applicants or demanding strong co-signers if an applicant has income uncertainty from a job that is negatively impacted by Covid closures.

## **Pre-Leasing for student rentals in San Luis Obispo begins on February 1.**

At California West, we have begun our annual pre-leasing program in San Luis Obispo for student rentals by sending out renewal offers to existing tenants in December with a response deadline of January 15.

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At present, the response rate for one bedroom apartments has been stronger than for other configurations. This is consistent with recent experience that smaller apartments are in greater demand due to Covid. People want to social distance themselves and, furthermore, it is hard to conduct Zoom meetings in a shared bedroom. Therefore, one bedroom apartments and studios are in higher than ordinary demand.

Large houses also seem as popular as ever but we won't really know how popular exactly until we see the interest level on February 1 for those that did not choose to renew. Renewals rates and early interest in large houses have been similar to previous years.

The tough configurations will likely be for everything in between one bedroom apartments and five bedroom houses. The demand for those middle configuration units is very uncertain at the moment.

We will know more after we begin our pre-leasing efforts for new tenants on February 1. This will likely be a difficult year for pre-leasing because of Covid and the need to be extra careful and mindful when showing occupied units. As with everything Covid related, though, it is uncertain how things will unfold and we will simply react as appropriate.

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## **Demand for non-student rentals on the Central Coast remains surprisingly strong.**

Demand for non-student rentals on the Central Coast is surprisingly strong in light of Covid. Frankly, rents are even slightly higher than they were a year ago.

As mentioned above, there is a strong need to adequately screen tenants who are applying to rent vacant units. Even so, we are still getting plenty of qualified applicants to fill those vacant units.

One difficulty with Covid is that we are less able to show occupied units to prospective renters and that leads to slightly greater vacancy when units turn over. We must generally wait for the unit to become vacant before showing it to prospective tenants. We are also relying more on checking out keys from our office locations rather than doing in-person showings.